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THE HOPE OF A HOME.

BY ERASTUS WIMAN.

IN THE great cities of this mighty nation of forty nations, where there ought to be plenty of room and plenty of prosperity, the proportion of homes owned by their occupants varies greatly. In the newer and smaller cities the proportion of individual proprietorship greatly exceeds that which prevails in the older and larger cities, with the single exception of Philadelphia, which has become proverbial as a City of Homes. The forces that have been at work in these newer cities, and in Philadelphia, in the process of home-getting, it is important to discuss, in order that they may be more generally understood and more generally applied, so that a greater number may be blessed with that most hopeful of hopes, the hope of a home.

It shows the slow growth in economic science, as compared with progress in other departments of intellectual activity, that there has been so little attention given by writers and financiers to the possible cessation or material reduction of rent. The universality of rent payment by the class least able to bear its burden is a reflection at once upon the philanthropy and financial acumen of the age. For there is no tax more onerous on labor or employment than this monthly exaction for the privilege of shelter, and nothing so destructive of thrift as the unceasing demand for tribute for a place in which to eat and sleep, or in which to lodge the belongings of the great army of wage-earners. The Indian in the forest may own his tepee, the Arab in the desert his tent, but in large aggregations of humanity, great groups of the civilized sons of men have not where to lay their heads, except at a cost that keeps them forever slaves to this first charge upon all their efforts.

Certainly, of all cities on this continent, New York is the most exaggerated specimen of failure in the matter of homes for the class on whom, to a greater degree than any other, its prosperity depends. The individual proprietorship of homes by the skilled

workmen or laboring class in New York is exceedingly small, and even among the class supposed to be more liberally compensated, such as clerks, salesmen, operators, and the host of men and women who by brain and hand wrest a living from the world, the number who own homes of their own in the metropolis is very limited.

A recent census report shows that there are 81,000 houses in New York occupied by a number of families so great as to imply that there are nearly four families (3.82) for every house in the metropolis. When it is recalled that there are thousands of beautiful homes in New York occupied each by one family only, that miles of avenues and streets are lined with houses each individually owned and occupied by one family group, it will be realized to what extent in other parts of the city crowding occurs, when to accommodate an average of nearly four families to each house the remaining houses only are available. Comparing the condition of New York with Philadelphia the difference is most marked. In Philadelphia the average number of families to each house is one family and one-tenth, as against three families and over three-quarters in New York for each house. In New York the average for each house is 19 people, while in Philadelphia the average is not 6 people per house. The death rate tells the rest. In New York it is 28 in every thousand ; in Philadelphia 22 per thousand. While New York has 19 people to each house, London has only seven, with a death rate three per cent. lower than New York.

The extent of the crowding in New York is made painfully apparent by the statement of the national census, which shows that out of a population of 1,600,000, no less a number than 1,200,000 live in apartments, flats, and tenements. Still further is this confirmed by the sanitary census made by the police in September last, in which it was found that there were herded in what the Board of Health designates as the "Tenement District" no less than 276,000 families ! This number, exceeding a quarter of a million families, averaging five persons in each, is so great as to excite surprise that such a condition can exist in the chief city of the new world, where conditions of civilization, as illustrated by the character and number of homes, ought to have their most perfect exemplification. But, alas ! the facts as presented in official reports, in the death rate, and in the personal observations of men and women who take a deep interest in the condition of human kind in the metropolis, show a state of

density full of danger, in which the indications towards improvement are few and far between.

But not to New York alone is confined the disposition towards density, but it exists in Boston, in Baltimore, in Pittsburg, and numerous other cities. Indeed, in almost every locality is there need for the encouragement of home building. Hence the desirability of considering the possibility of assisting an expansion into more commodious quarters by suburban development on the one hand, and, on the other, by the erection in the cities themselves of modern apartment-houses ten and twelve stories high, which shall be *owned* by the parties living in them. How this best can be done is shown by the experience in Philadelphia principally, and by numerous imitators in various parts of the country in the operations of Building-Loan Associations.

It is not improbable that the reader, if he or she has not already mastered the principles that underlie these simple organizations, will stop at this point and proceed no further. The disinclination to get down into detail is universal, and it is especially difficult to elicit attention to the dry details of what seems to be a complex plan of finance. But when the reader is told that there are not a dozen financial magnates on Wall Street that have yet comprehended this scheme of home-getting, though it is known to hundreds of thousands of plain people who know nothing of Wall Street, perhaps interest will be sufficiently excited to pursue the subject further. Perhaps if the reader also understands that more real, substantial good has been brought about by the operations of the simple workingmen who have promoted these societies for home-getting than has been achieved by all the operators on Wall Street, a desire may be evinced to understand the simple plan by which so much has been accomplished, so little lost, and a vast permanent benefit to thousands achieved.

The general idea of Building-Loan Associations is hardly conveyed by the name by which they are designated. They are simply societies for saving, with the accumulations sacredly dedicated to the payment for homes solely for members of the society. Any one who can save one dollar and a half a month is eligible for membership. Any group, however insignificant or remote, can form a society. The only thing necessary is a trusty treasurer, who shall safely hold the combined monthly savings of the

members until enough is accumulated to build a home. Then the accumulations are loaned, either by auction or by lot, or by universal choice, to one of the members, to be paid out, not to the member, but to the builder of the house as it progresses, or in one sum to the owner of the house if it is completed and ready for transfer to the member. The society takes a mortgage for the amount advanced, which mortgage will be liquidated by the member paying up his monthly instalments, he having subscribed for a sufficient amount of the stock of the society to pay the mortgage in a given period, which generally averages nine years. The member enters into possession, pays a little more than rent, while his payments are towards a purchase and not towards rent. At the end of nine years, if he were a tenant he would have a bundle of landlord's receipts, and be no better off than at the start. If he is a purchaser, and every month pays his dues and interest, at the end of nine years he has a deed, free and clear, to his own home.

In the meantime, this member's payments of principal and interest into the society, in liquidation of his debt, are reloaned to another member, which, with continued payments of others who have bought homes, and the savings of those who need not buy them, form a fund from which a steady flow of homes are being created. It is a never-ceasing stream of payments and repayments, of interest, and of savings, fed by a thousand rivulets, all converging to one point, and all ending in the blessing of a home. It is a diversion of the enormous volume of rental into an equally enormous volume of purchase, with this difference, that the purchase money is again and again performing the same work, and fulfilling the highest and noblest purpose which it is possible for thrift to fulfil, the creation of homes.

It may be alleged that in borrowing money at six per cent. with which to build a home, the poor man pays as much in interest as tenements yield, and that the added instalment of principal, which he monthly has to pay, unduly taxes him. In reply to this it can be urged that, while six per cent. is a profit that landlords would generally be glad to be secure in, the depreciation of property by tenants is much greater than that which is likely to take place on houses owned by their occupants. Indeed, the general result has been that in well-chosen suburbs an appreciation of value has taken place through the community of building which such a

society for saving renders possible. Thus the home-builder gets the advantage of the "unearned increment," which otherwise would be entirely denied him.

It should also be borne in mind that the six per cent. interest paid by the borrower he practically pays to himself, in direct proportion to his holdings of stock in the society. True, he pays six per cent., and with the premium which is demanded for the money, and other charges, it looks like eight per cent. But, as a matter of fact, so full of advantage is the constant compounding of interest from monthly payments of both principal and interest that as a rule the operations of the society yield him a sufficient profit to reduce the average amount of his interest charges to four and a half per cent. Thus he borrows at the lowest possible rate on mortgages and gets the largest possible rate consistent with safety on the investment of his savings. To those members of the society who do not build, or do not need to borrow, the return is rarely less than eight per cent. To lend money at four and a half per cent. and to pay dividends at the rate of eight per cent. is an operation in finance to which even Wall Street is a stranger !

One element of weakness seemed to exist in the plan pursued by Building-Loan Associations, and that was that in the event of the death of the borrowing member his payments on his stock might cease. This would result in the foreclosure of the mortgage and the loss of the home to the stricken family, thus sweeping away the savings of years, except so far as an equity would be realized. Against the dread contingency of death and loss, the writer of this article has had the happiness of making a suggestion that has not only been universally approved, but successfully applied. The suggestion is that Building-Loan Associations, on application from borrowing members, may insure the lives of these in some first-class insurance company for a limited term, for the amount of the unpaid instalments due on the house. The payments for this insurance being divided into monthly sums are very small, and are made simultaneously with the principal and interest. As the instalments reduce the debt on the home, the insurance risk equally diminishes, and the cost of it declines, so that, towards the end, it is almost infinitesimal. Meantime the safety obtained improves the security of the loan to the society, and, above all, makes the possession of the home certain to the family. If the bread-winner lives he pays by his instalments for it ; if he dies

it is paid for by the insurance company, so, whether living or dying, the home is secure. The Travellers' Life Insurance Company, of Hartford, Conn., having early apprehended the possibilities of embodying the element of safety with the element of thrift in the gradual purchase of homes, has provided a policy that exactly meets the necessities of the case, and has thus afforded a facility of great value in the securing of a home.

It is not for the investments of the well-to-do that these savings-societies exist. It is for the infinitely vaster sum which it is possible to glean from the savings of the great wage-earning class, which in this country possesses a saving power of immense force. It is for the purpose of encouraging not only saving in itself, but of begetting an added force in its periodicity or regularity which a monthly undertaking to save any given sum implies. Only about every fifth individual is of an economical turn of mind ; it is important to cultivate the virtue of thrift in the other four. In order to do so the facility afforded by the Building-Loan Associations presents itself and its discipline of regularity by demanding a monthly contribution to its coffers. This periodicity has a great force, and as soon as the expenditures of any considerable number in a community, in a workshop, in a church, in a society, or in an organization of any kind, are so arranged as to allow regular monthly contributions towards these savings-societies, it will be seen that the rivulets soon become rivers, and rivers soon become oceans in amount and influence.

The rivulets of savings from the individuals forming the great army of depositors in the savings-banks of New York city illustrate what enormous aggregations may be reached when it is stated that these deposits now reach the sum of \$375,000,000. This 375 millions, deposited in small sums in the dozen savings-banks of one city, is not the property of the rich, nor is it the property of the poor. It is owned by the fourth or fifth member of the great middle class of toilers and workers, and is a monument to the virtue of thrift, of which New York city may be more proud than of any other monument it contains.

But attention is drawn to the fact that of this vast sum not a dollar can be, or is likely to be, used for the purpose of erecting homes for the very class who own the money, or those who mostly need them. The law and the policy by which the savings-banks are regulated make it impossible for them to make advances to

the builders of the small homes, while the prejudice and density of the ignorance of savings-bank officials as to the possible element of safety, profit, and beneficence contained in the principles underlying the Building-Loan Associations, make any change at present impossible. Time, and a public acquaintance with the possibilities of these principles, may bring about such an understanding of them, and such an appreciation of them, that a perfect revolution will be rendered possible, even by the aid of the savings-banks themselves, in the economic conditions regarding rental and home-buying which at present prevail.

This revolution might first find its field in the diversion of the savings of the working-class towards the creation of great edifices in the city of tenements for their occupancy, and which they themselves should own. This ownership might be in the shape of certificates of shares in the corporation which erects the building, in proportion to their contributions or savings, and which could be as readily negotiated or converted into cash as any deposits in savings-banks, or as the deeds of a house and lot. If certificates of shares were undesirable and a title in fee were thought better, even this form of proprietorship could be secured, prevailing as it already does in some few flats or apartment-houses owned in New York. The dividends on the total rental received from the building would, of course, amount to the sum paid by each tenant; so that, the investment once completed, the tenant would sit free of rent, and thus realize the full advantage of years of saving and judicious investment. If there is any safer investment than New York first-class tenement property, modernized and rendered fireproof, inhabited by its own owners, earning liberal wages and on the high road to independence, it is difficult to find it. If there is a more profitable way in which to invest money than to save it and put it into homes for those who can as surely pay for them as they can pay for their bread and butter, it is impossible to find it in these days of plethora and phenomenal accumulations of money.

An accumulation of 375 millions in the savings banks by the working people of New York on the one hand, and a census of homes on the other which shows 276,000 families in tenement houses as they now exist within a stone's throw of these banks, indicate a misdirection of finance that needs reformation.

But leaving these beneficent savings-banks to work out

their useful mission, it is submitted that the experience of other cities, and the perfect application of the principles of Building-Loan Associations, call for a more general understanding of their beneficence, profit, and safety by the public. This experience and this perfection of plan demand also a broader application of these ideas in remedying the difficulties and disabilities under which New York labors in the housing of her skilled workmen and her great laboring class. Without some great change in this respect, her future as a commercial and manufacturing centre is less secure than even her greatest advocates suppose. The certainty of increase in her population to dimensions of another million, within the lifetime of children now living, makes it imperative that a change should take place in the provision for those on whom her prosperity and supremacy depend.

Enlarged areas by amalgamating with Brooklyn, perfect communication with that section of the metropolis, and its expansion so as to include all the space between the East River and the sea, will be a relief of great moment. Equally, the inclusion of Staten Island on the south, with its magnificent water front and lovely interior, and, still further, the acquisition of the remainder of Westchester County on the north, open up a vista for homes extremely attractive. But, to procure these, the capital must be provided and the machinery set in motion, and in no way can that be more readily done than in the promotion of the operations of Building-Loan Associations by the public-spirited citizens of the metropolis. To achieve this, let there be an organization formed to be called The Society for the Encouragement of Thrift, whose sole purpose shall be the creation, the encouragement, and the oversight of Building-Loan Associations.

All other localities in this fair land, be they large or small, are intensely interested in the question of home-getting. No movement is more productive of the noblest and best efforts of human kind, and there is no greater safety for the republic than is founded on the universality of homes owned by the working people.

ERASTUS WIMAN.